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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 29 June 1978 CG NIDC 78/151C

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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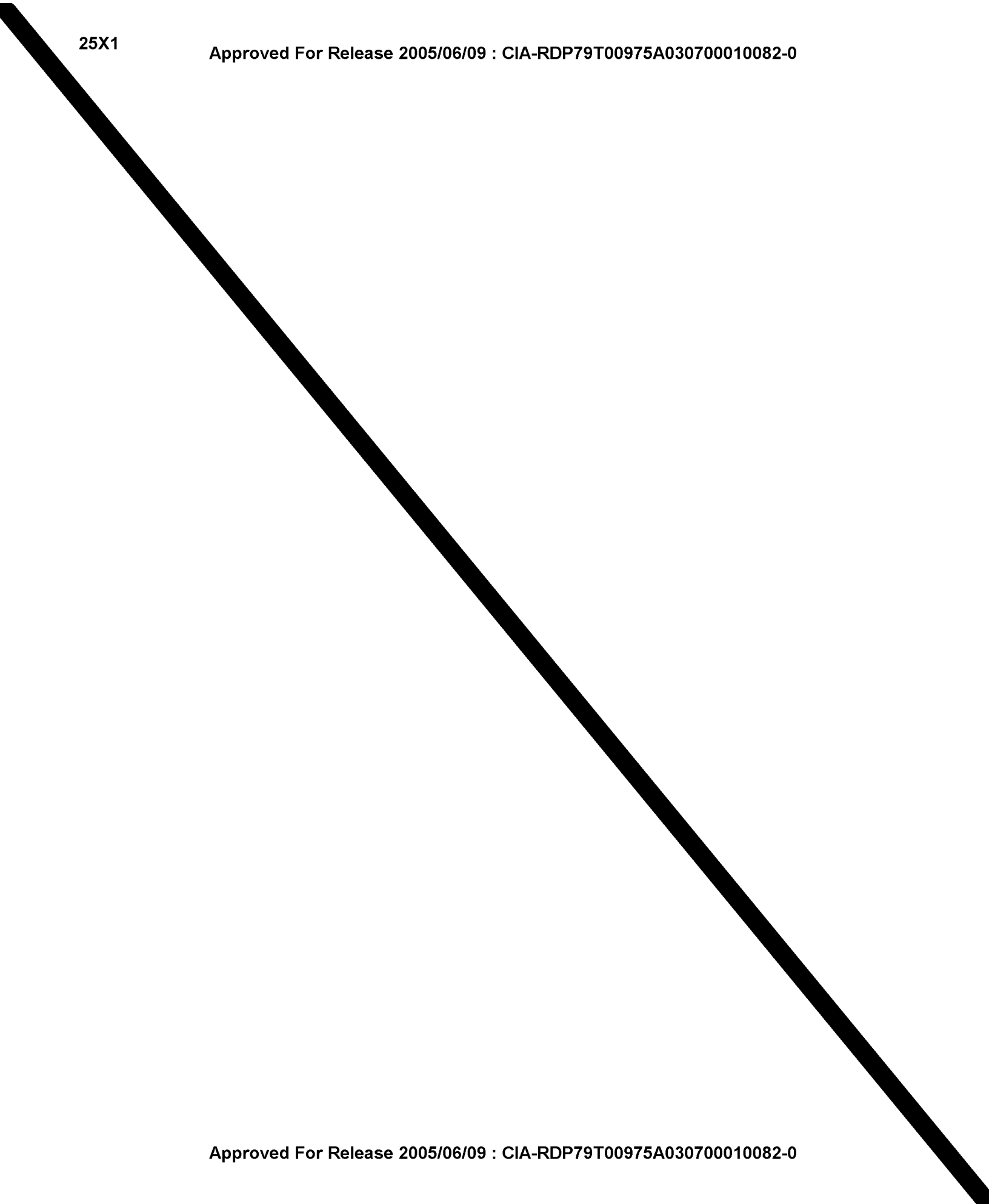

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National Intelligence Daily Cable for Thursday, 29 June 1978.

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The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: Begin-Weizman Enmity

25X1 *Israeli Prime Minister Begin and Defense Minister Weizman have temporarily papered over their dispute, apparently at the strong urging of some coalition party leaders who fear an open break might precipitate a cabinet crisis. The enmity and sharp divergence of views between Begin and Weizman over negotiating strategy, however, are unlikely to remain under wraps for long. Indeed, Weizman, encouraged by his ability to weather his latest clash with Begin, may press his views more vigorously within the cabinet--although he may mask his differences with Begin by attacking Foreign Minister Dayan.*

25X1 Weizman has become increasingly disillusioned with Begin's and Dayan's handling of negotiations with Egypt, and he fears that both have given up hope of reaching an accord with President Sadat. Weizman's frustration flared last week after the cabinet voted to approve Begin's vaguely worded response to US questions concerning the future of the West Bank. His sharp, intemperate criticism of Begin and Dayan was immediately replayed in the Israeli press, provoking a storm in some quarters of Likud and a call for his resignation from Minister of Commerce Hurwitz, a close supporter of Dayan.

25X1 To mend his fences within the Herut faction of Likud, Weizman reiterated his support for Begin's West Bank autonomy plan at a meeting this week of Likud's parliamentary deputies attended by the Prime Minister. He even praised Begin while forcefully defending his view that a separate peace with Egypt is still possible if Israel can devise a statement on the future of the West Bank that would give Sadat a "fig leaf."

25X1 Weizman apparently has shrewdly decided to mute his differences with Begin and focus his criticism on the more vulnerable Dayan, who lacks an independent political base and is suspect in the eyes of many Herut hard-liners.

25X1 Weizman's efforts to reduce tensions with Begin probably were also designed to win points with other coalition leaders, especially the Liberals and the leaders of the National Religious Party. The National Religious Party had warned Begin that it might withdraw from the government if a move was made to remove Weizman.

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25X1 The situation is complicated by the uncertain state of Begin's health. Despite the denials of his doctor that he is seriously ill, both coalition and Labor Party leaders are already jockeying for position in the succession sweepstakes. Finance Minister Ehrlich has cautiously sought to improve his prospects and Dayan's followers are urging him to take steps to establish a formal political base.

25X1 Labor Party leader Peres, in turn, hopes to capitalize on the divisions within the government to represent his party as a credible alternative to Begin. Peres has been claiming increasingly that Labor would have less difficulty making peace with Sadat and could have prevented the serious erosion in US-Israeli relations. Public opinion polls, however, indicate that the Labor Party has not been able to win back a significant percentage of the voters it lost in the last election. 25X1

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ITALY: Presidential Election

25X1 *The 1,011 members of Italy's electoral college, mostly members of parliament, convene today to begin voting for a new president. Giovanni Leone resigned the office two weeks ago following a press campaign alleging his involvement in various*

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financial scandals. Frantic political maneuvering since then has apparently failed to produce agreement on a successor or even on the candidates of individual parties. The lack of an initial consensus suggests the balloting will be lengthy.

25X1 [redacted] Until several months ago it appeared that the presidential election--scheduled for December had Leone not resigned--would be part of the final stage in a thorough reordering of the political situation. Most political leaders expected the late Christian Democratic leader Aldo Moro to take the lead in sorting out the country's political options. Many thought Moro would lean toward greater Communist involvement in the governing process, and it was generally assumed that he would succeed Leone as president.

25X1 [redacted] Moro's assassination last month and Leone's sudden resignation have altered the scenario decisively, moving the presidential election ahead of any political clarification and eliminating the only obvious candidate. Meanwhile, Communist losses in a series of local elections have raised doubts about what had been the key assumption in most political calculations: that the electorate was polarizing between the Christian Democrats and Communists, thus making it more difficult to avoid bringing the Communists into the government.

25X1 [redacted] //Two predominant points of view have now emerged. The Communists and some on the Christian Democratic left, for example, hope that interparty bargaining over the presidency will confirm, and possibly deepen, the present cooperative relationship between the government and the Communists. Christian Democratic conservatives, Socialist chief Craxi, and some of the smaller parties hope, on the other hand, that deals made in connection with the presidency will weaken ties between the Communists and the government and lay the basis for an eventual arrangement in which the Communists would be less influential.//

25X1 [redacted] //So far, neither group has settled on a candidate capable of advancing its major goal without jeopardizing other objectives. At this point, Christian Democratic secretary general Zaccagnini comes closest to being the front-runner. But the governing party is generally unprepared for the leadership battle that would follow Zaccagnini's elevation to the presidency; while some Christian Democratic conservatives would welcome a chance to take over the party, the party's other leaders do not relish such a fight.//

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25X1 The Socialists are pushing for a president from their party, and there are at least four Socialist names in play along with several prominent individuals from the smaller parties. As in the past, however, the momentum could easily shift to a dark horse if the electors deadlock on the principal contenders.

25X1 Chances are that the first three ballots, which require a two-thirds majority for victory, will involve voting on favorite son candidates from nearly all of the parties. The Communists will probably field a candidate at this point, although they have no hopes of winning the contest.

25X1 Serious bargaining will probably get under way with the succeeding ballots, which require a simple majority to win. There is no time limit on the balloting and it may be protracted, as in the case of Leone's election, which took 23 ballots over more than two weeks. 25X1

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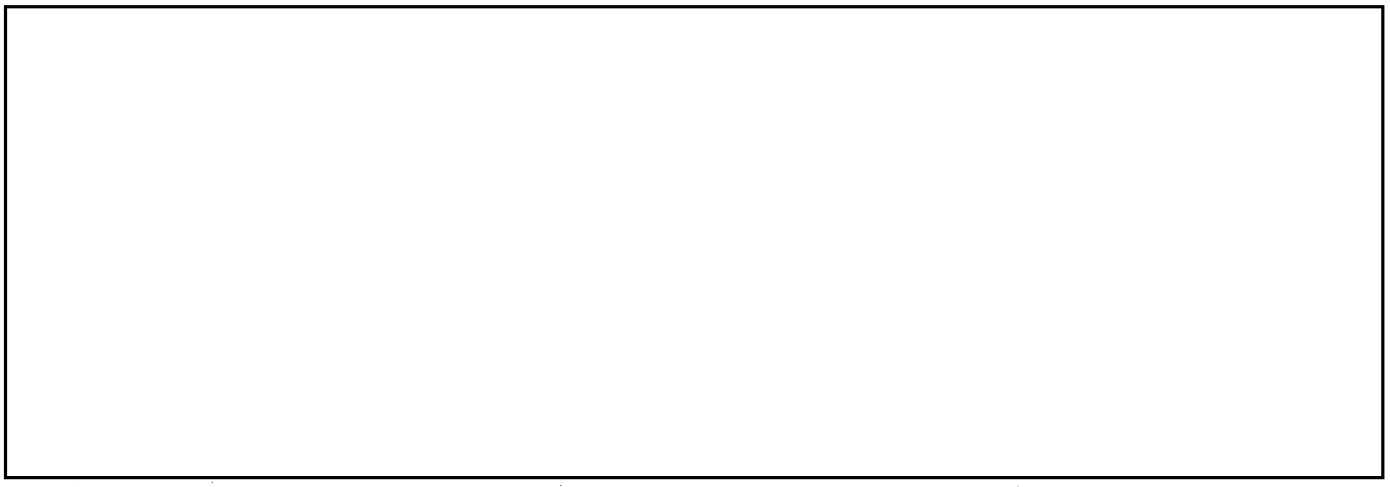

UK: Debt Relief for LDCs

25X1 [redacted] *//The UK announced Monday that it will convert into grants, and thus in effect cancel, the official debts owed it by some 20 of the world's poorest countries.//*

25X1 [redacted] //The debts to be written off--which are official development assistance loans as opposed to commercial loans--amount to approximately $1.85 billion. Conversion to grants will reduce the combined debt service burden of the affected countries by about $90 million yearly, or about five percent of their total. If, as we expect, India and Bangladesh are included, they will get the lion's share of the benefits; most of the other recipients are in sub-Saharan Africa.//

25X1 [redacted] //From the British side, the write-offs represent only half a day's imports; politically, however, they should enhance the UK's reputation for being responsive to the needs of developing countries. The UK apparently also plans to suggest similar conversion for other aid donors at the EC summit in Bonn in mid-July.//

25X1 [redacted] //Canada, the Netherlands, Sweden, and Switzerland had earlier taken a similar course, and comparable measures are currently being considered by West Germany.//

25X1 [redacted] //Collectively, the write-offs represent the strongest response yet by the developed nations to the demands of poor nations for widespread debt relief, a theme most recently

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expressed at the ministerial conference in March of the UN Conference on Trade and Development. The compromise resolution adopted at that time provided for a case-by-case approach to debt relief for the poorest countries, leaving individual donor countries to decide for themselves which developing countries are to be aided and how.

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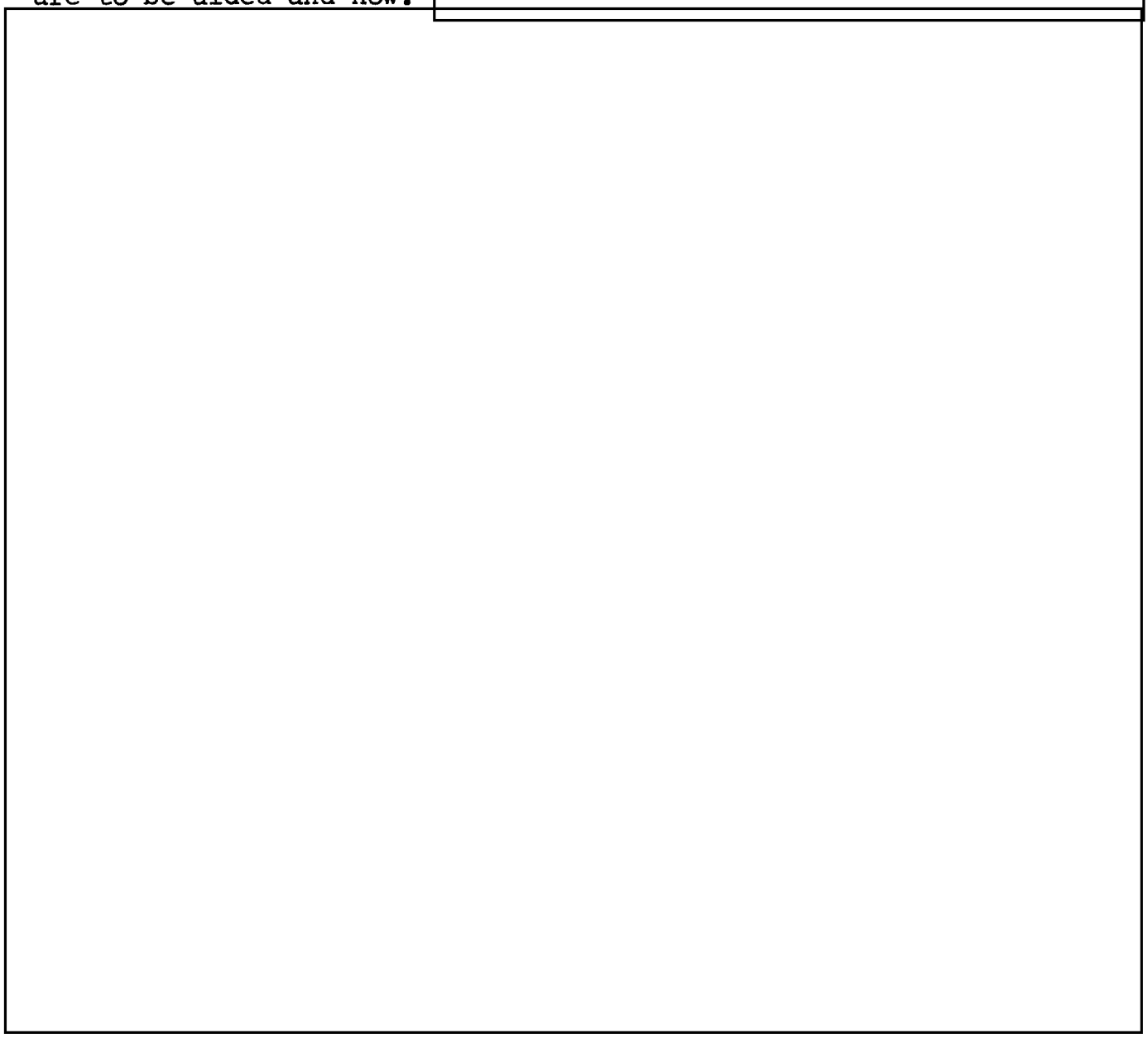

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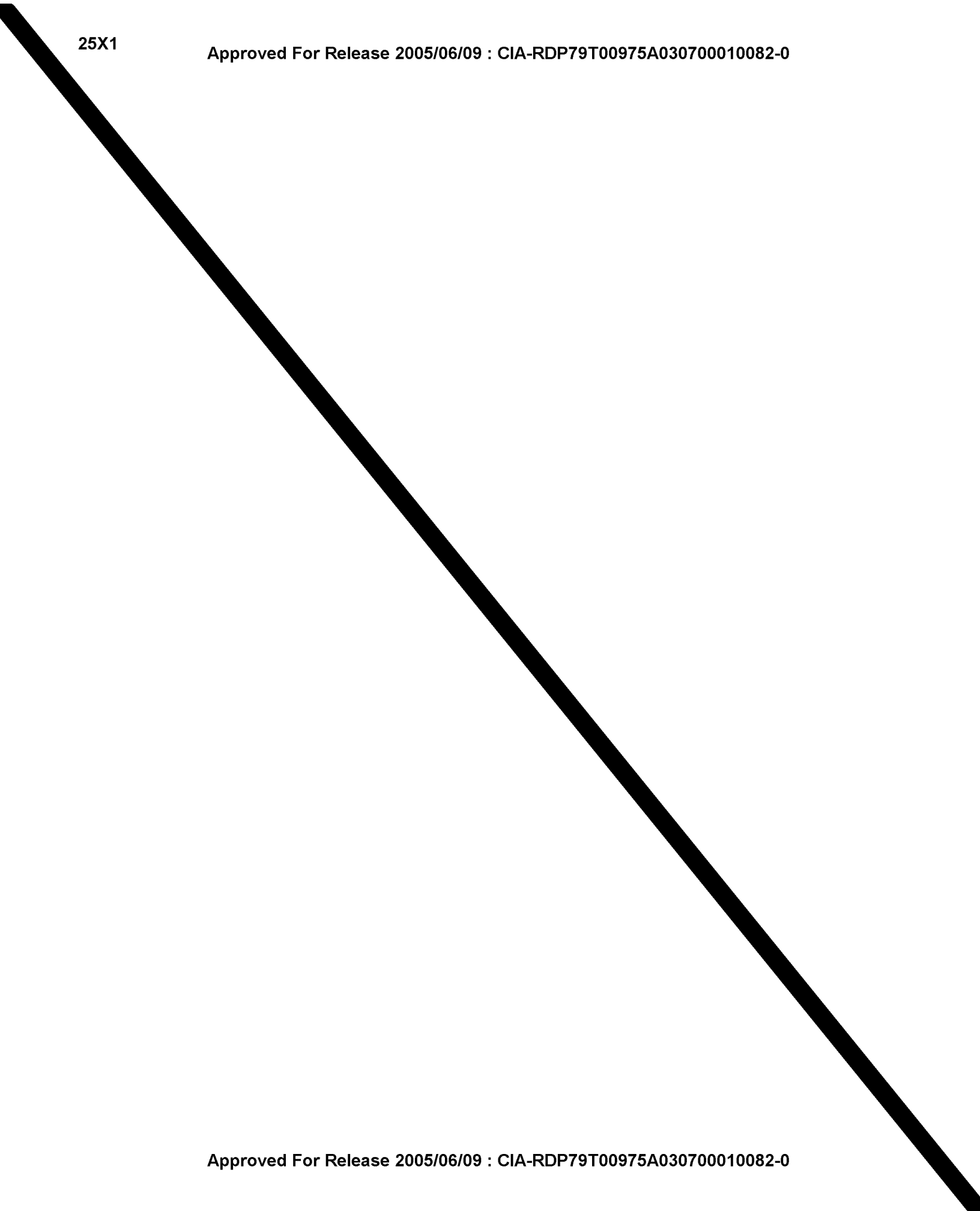

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